

REMARKS/ARGUMENTS

Status of the Claims

Claims 1, 3-18, 22-26, and 28-30 are currently pending in the application. Claims 1, 22, and 26 have been amended. No new matter has been added by the amendments. No claims have been added or cancelled. Therefore, claims 1, 3-18, 22-26, and 28-30 are present for examination. Claims 1, 22, and 26 are independent claims.

Claim Rejections Under 35 U.S.C. § 112, Second Paragraph

Claim 26 has been rejected under 35 U.S.C. § 112, second paragraph, because claimed invention recites a system, however, the system claim must include additional hardware limitations. Claim 26 has been amended, and the rejection is now moot.

Claim Rejections Under 35 U.S.C. § 101

Claims 1, 3-18, 22-26, and 28-30 have been rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter.

Claim 1, 3-18, 22-26, and 28-30 have been amended to include system elements. The method steps cause changes to the system elements. Accordingly, Applicants respectfully request that this rejection be withdrawn.

Claim Rejections Under 35 U.S.C. §103

Claims 1, 3-18, 22-26, and 28-30 have been rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 6,473,500 to Risafi (“**Risafi**”) in view of U.S. Patent No. 6,868,408 to Rosen (“**Rosen**”). The Office Action notes a broad swath of the Rosen reference for several claim limitations. For example, the Office Action in rejecting claim 1 makes reference to several paragraphs for several limitations, and the Applicants cannot determine the logic of the argument. Indeed, the particular teaching or associations between the cited art and the claim terms could not be found by the Applicants in the cited section of the Rosen reference.

"In rejecting claims for want of novelty or for obviousness, the examiner must cite the best references at his or her command. When a reference is complex or shows or describes inventions other than that claimed by the applicant, the particular part relied on must be designated as nearly as practicable. The pertinence of each reference, if not apparent, must be clearly explained and each rejected claim specified." 37 C.F.R. § 1.104(c)(2).

Applicants respectfully request identification of the exact passages or terms in the reference that support the rejections. For example, what in Rosen is:

1. the exchange provider;
2. the first value provider; and
3. the second value provider.

Indeed, by not citing something in Rosen that describes these components, the Examiner has failed to provide any cited art that describes the elements of the claims. Thus, the Examiner has failed to provide a *prima facie* case of anticipation. By understanding what the Examiner relates to these terms, Applicants will be better able to explain how very different the claims are from the cited art.

Further, Applicants respectfully request reconsideration of the rejection because the Examiner has failed to show a *prima facie* case of obviousness.

To establish a *prima facie* case of obviousness, all claim limitations must first be taught or suggested by the prior art. *See, e.g., DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1360 (Fed. Cir. 2006). The Examiner must then provide an explicit analysis supporting the rejection. *See KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007) ("a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art"). While the Examiner can choose one of several exemplary rationales from the MPEP to support an obviousness rejection under *KSR*, all the rationales still require the Examiner to demonstrate that all the claim elements are shown in the prior art. *See* MPEP § 2143, Original Eighth Edition, August 2001, Latest Revision July 2008. The combination of Rosen and Risafi simply does not describe all the limitations of the claims.

The combination of Risafi and Rosen does not describe all the limitations of the claims.

Missing Limitation: "converting the received value with the processor of the exchange provider to the converted form in accordance with the determined exchange rate"

The Examiner fails to show a conversion from one value to a converted value based on an exchange rate. The Examiner states that Risafi fails to show this element of the claims. *See Office Action*, p. 3. The Examiner relies on Rosen to show this element of the claims. *See Office Action*, pp. 3-4. The cited section is as follows:

To achieve the foregoing, and other objects, the method and apparatus of the present invention employ a preferred embodiment in the form of an electronic-monetary system having (1) banks or financial institutions that are coupled to a money generator device for generating and issuing to subscribing customers electronic money including electronic currency backed by demand deposits and electronic credit authorizations; (2) correspondent banks that accept and distribute the electronic money; (3) a plurality of transaction devices that are used by subscribers for storing electronic money, for performing money transactions with the on-line systems of the participating banks or for exchanging electronic money with other like transaction devices in off-line transactions; (4) teller devices, associated with the issuing and correspondent banks, for process handling and interfacing the transaction devices to the issuing and correspondent banks, and for interfacing between the issuing and correspondent banks themselves; (5) a clearing bank for balancing the electronic money accounts of the different issuing banks; (6) a data communications network for providing communications services to all components of the system; and (7) a security arrangement for maintaining the integrity of the system, and for detecting counterfeiting and tampering within the system.

In the preferred embodiment, the functions of the money generating devices, the transaction devices, and the teller devices will be performed by a combination of tamper-proof computer hardware and application software modules that may be networked together. Information is transmitted in an encrypted form to provide security from unauthorized inspection. The electronic money is transmitted with digital signatures to provide authentication, and security from modification or counterfeiting.

The electronic money exchanged by these devices may be an electronic representation of currency or credit. An important aspect of the electronic currency is that it is the equivalent of bank notes and is interchangeable with

conventional paper money through claims on deposits in an issuing bank, but can be withdrawn or deposited both at an issuing bank and at a correspondent bank. However, only the issuing banks can generate the electronic currency, and will be liable for its redemption.

The issuing banks later utilize inter-bank clearing and settling processes to maintain the monetary balance in the banking system, as is currently practiced by today's banking industry.

The electronic money representations are fungible, universally accepted, and undeniably redeemable from the issuing banks, i.e., they have the characteristics of money transactions. To preserve the integrity of the electronic monetary system, each exchange of electronic money includes, along with other information, data identifying the monetary unit of the credit or currency, (i.e., dollars, yen, etc.) the amount by unit of credit or currency, the bank issuing the electronic credit or currency, and several digital signatures.

According to a broad aspect of the invention, an electronic monetary system provides for transactions utilizing electronic money including electronic currency backed by demand deposits in a bank in lieu of cash transactions, and electronic credit authorizations. In an embodiment of the present invention, the EMS comprises a money module for generating the electronic money; a money module for issuing, distributing, and accepting the electronic money; and a money module for accepting, storing, and transferring the electronic money between other accepting money modules and between the accepting money module and the issuing money module. *Rosen*, col. 3, line 33 – col. 4, line 35.

Rosen provides for an electronic monetary system that makes electronic money transactions. *See Rosen*, Abstract. The section cited by the Examiner describes the electronic monetary system but fails to mention converting the monetary amount with a determined exchange rate. Indeed, Rosen only discusses that money “exchanged by these devices may be an electronic representation of currency or credit.” *Rosen*, col. 3, line 66 – col. 4, line 5. However, the “exchange” described in *Rosen* describes exchanging money by transferring the electronic money between accounts and does not describe exchanging different monetary amounts using an exchange rate. As such, *Rosen* fails to describe this element of the claims.

For at least this reason, claim 1 is allowable over the cited art.

Claim 22:

Claim 22 provides similar elements as claim 1. For example, claim 22 recites “the exchange provider is different from the value provider;” “the exchange provider converting the nonmonetary value with the processor of the exchange provider into the monetary value;” and “in response to receiving the value, the exchange provider determining an exchange rate for converting the nonmonetary value into the monetary value with the processor of the exchange provider.” These elements are rejected using the same argument presented above with respect to claim 1. *See Office Action*, pp. 3-4. As such, for the same reasons as stated with respect to claim 1, claim 22 is also allowable over Risafi and Rosen.

Claim 26:

Claim 26 provides similar elements as claim 1. For example, claim 26 recites “instructions to convert the value received from the value provider over the input device into the converted value in accordance with the exchange rate;” and “in response to receiving the value, instructions to determine an exchange rate for the value.” These elements are rejected using the same argument presented above with respect to claim 1. *See Office Action*, pp. 3-4. As such, for the same reasons as stated with respect to claim 1, claim 26 is also allowable over Risafi and Rosen.

Claims 3-18, 23-25, and 28-30:

Claims 3-18, 23-25, and 28-30 all depend from one of the allowable independent claims above. For at least the reason of this dependence on allowable base claims, Claims 3-18, 23-25, and 28-30 are also allowable over Risafi.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested. Applicants do not acquiesce to any argument not specifically addressed herein. Rather, Applicants believe the amendments and arguments contained herein overcome all rejections presented.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,



Tadd F. Wilson
Reg. No. 54,544

TOWNSEND and TOWNSEND and CREW LLP
Two Embarcadero Center, Eighth Floor
San Francisco, California 94111-3834
Tel: 303-571-4000
Fax: 415-576-0300
T3W:slb
61594932 v1